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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, NOVEMBER 2, 2000

APPLICATION OF

AMERICA'S ENERGY ALLIANCE, INC.

CASE NO. PUE000479

For licenses to conduct
business as a competitive
service provider in electric
and natural gas retail access
pilot programs and as an aggregator

ORDER

On September 19, 2000, America's Energy Alliance, Inc., ("Alliance" or "Applicant"), filed an application for licensure to conduct business as a competitive service provider and aggregator. Alliance proposes to provide competitive natural gas service in the retail access pilot programs of Washington Gas Light Company ("WGL") and Columbia Gas of Virginia, Inc. ("CGV"), and competitive electric service to customers in the retail access pilot programs of Virginia Electric and Power Company ("Virginia Power"), Appalachian Power Company d/b/a American Electric Power-Virginia ("AEP-VA"), and Rappahannock Electric Cooperative ("REC").

On October 3, 2000, the Commission issued its Order for Notice and Comment, establishing the case, requiring that notice of the application be published, providing for the receipt of comments from the public, and requiring the Commission's Staff

to analyze the reasonableness of Alliance's application and present its findings in a Staff Report to be filed on or before October 25, 2000.

The Company filed proof of publication of its notice on October 25, 2000. No comments from the public on Alliance's application were received.

The Staff filed its Report on October 25, 2000, concerning Alliance's technical and financial fitness to provide competitive electric, natural gas, and aggregation services. In its report, Staff noted that Alliance is a wholly-owned subsidiary of NOVASTAR, Inc., ("NOVASTAR") which is a wholly-owned subsidiary of Northern Virginia Electric Cooperative ("NOVEC"). Staff stated that as a newly formed entity with little or no financial history, Alliance is totally dependent on NOVASTAR/NOVEC for its funding. Staff also noted that NOVEC filed an application on September 1, 2000, under Chapter 4 of Title 56 of the Code of Virginia seeking Commission authority to execute a promissory note with NOVASTAR ("Promissory Note"). This application, docketed as Case No. PUA000068, is currently pending before the Commission. Additionally, Staff noted that NOVEC's Board of Directors recently authorized a corporate guarantee ("Corporate Guarantee") between NOVEC and Alliance for which, according to Staff, NOVEC will seek approval from this Commission under Chapter 3 prior to executing the Corporate

Guarantee. The Staff concluded that Alliance satisfies the technical fitness requirements for licensure, however, Staff questioned Alliance's financial fitness absent these two instruments. Staff recommended that a license be granted to Alliance for the provision of electric service to commercial and residential customers in the Virginia Power, AEP-VA, and Rappahannock pilot programs; and for the provision of natural gas service to commercial and residential customers in the WGL and Columbia Gas pilot programs, subject to the Commission approving both the Corporate Guarantee and Promissory Note.

On October 27, 2000, Alliance filed comments on the Staff Report stating that it had no response to the Report.

With regard to the gas license being sought in this proceeding, we note that Section 56-235.8 F. 1 states that, "A gas supplier license shall be issued to a qualified applicant within 45 days of the date of filing such application, authorizing in whole or in part the service covered by the application, unless the Commission determines otherwise for good cause shown." Based upon this 45-day time limit, we must issue the gas license by November 3, 2000, provided we find Alliance to be qualified. As noted earlier, our Staff has found Alliance to be technically qualified but questioned its financial qualifications absent the Corporate Guarantee and Promissory Note.

NOW UPON CONSIDERATION of the application, the Staff Report, and the applicable law, the Commission finds that, at this time, Alliance is not a qualified applicant due solely to its financial situation. Therefore, we will defer any further action in this matter until we rule on the Promissory Note and the Corporate Guarantee.

Accordingly,

IT IS ORDERED THAT:

(1) Consideration of this matter shall be continued until the Commission rules on the Corporate Guarantee and Promissory Note.